

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS MADRID 003991

SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: [KPAO](#) [ETRD](#) [SP](#)

SUBJECT: DEMARCHE ON U.S. ACTIONS TO TERMINATE LARGE
COMMERCIAL AIRCRAFT SUBSIDIES

REF: A. SECSTATE 213973

[1](#)B. MADRID 3483

[1](#)1. (U) We delivered Reftel A demarche to Javier Hergueta Garnica, Deputy Director General of Bilateral International Economic Relations with Europe and the OECD, Ministry of Foreign Affairs and Cooperation, as well as Sr. Joan Trullen Tomas, Secretary General of Industry and Jesus Candil Gonzalo, Director General of Industrial Development, both of the Ministry of Industry, Tourism and Commerce.

[1](#)2. (SBU) Only Hergueta has been available for comment. He expressed dismay that the USG took the case to the World Trade Organization (WTO) rather than negotiating a new agreement. He provided the anticipated argument that the USG subsidizes Boeing, and expressed hoped that the matter would quickly move back into negotiating a new agreement. He alleged that failing to resolve this matter quickly is "bad for both companies and countries."

[1](#)3. (U) Spanish press generally covered the major arguments of both the US and the EU, with none advocating the USG position. All included allegations that presidential election politics played a significant role in the timing of this dispute. Following are some excerpts:

-Conservative - ABC, circ. 359,738:

...at the base of this discussion are two key factors: the unstoppable increase in Airbus sales, and the upcoming US presidential election.

-Left of center - El Pais, circ. 552,114:

Brussels felt betrayed by being taken before the WTO while in the process of negotiating with Washington and following the last meeting on the 16th of September, which the Commission considered to be constructive.

-Independent - El Mundo, circ. 408,471:

Although Republican ideology defends the free market through to its ultimate consequences, the Bush administration has promoted a very protectionist policy in the last four years, in particular with steel, cotton and other agricultural products, along with importation penalties.

[1](#)3. (SBU) Comment: Beginning with our first consultation with Hergueta reported in Reftel B, it appeared that the GOS would play a fairly passive role in this matter. Recent conversation with Hergueta does not modify this impression: the only difference being dismay that the dispute has moved to the WTO and the belief that utilizing the WTO will seriously harm commerce.

ARGYROS